



**THE ENVIRONMENT  
EXCHANGE**  
[www.t2e.co.uk](http://www.t2e.co.uk)



# Quarterly Report

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## Interactive Trading

As part of improving our service to participants we are introducing interactive trading. The current telephone based service will continue. Only those participants that are authorised for the interactive service will be able to use it.

Exactly the same rules will continue to apply to all participants and at this stage we do not anticipate differentiating the hours of trading for interactive traders because of market supervision requirements. Interactive users will continue to receive all the same confirmations by fax as currently but may also request to receive additional copies by e-mail.

To use the service:

1. Push the trade button;
2. Push either buy or sell depending on your need. For security you will then be asked to re-enter your user name and password. If you are authorised to use the interactive service you will reach the bid or offer screen as required;
3. Enter the market, commodity, tonnage and price you require. You will be able to see the top five bid and offer prices and volumes in the commodity and market you wish to trade in as well as the price, volume and date of the last 5 trades;

4. Push enter bid (or offer) as appropriate. Your bid (or offer) will now be shown in pending bids (or offers) as ready to enter the market. At this stage you may either modify or cancel your bid (or offer) before it is entered into the market;
5. You may either push confirm bid (or offer) now or push new bid (or offer). If it is the latter then you follow steps 3 and 4 again;

It is important to realise that you do not secure tonnage nor do you enter a bid or offer on the market until you push confirm bid or offer and you receive a transaction confirmation notice or order confirmation notice as appropriate.

6. You will be able to see the transactions that you have entered onto the market and the tonnage of those entries that have traded in the trade report.

We will be launching a demonstration site on 1 September 2005. Exact details of how to use it will be entered into our daily and weekly bulletins. It will also be demonstrated at our stand 180 throughout the RWM show in the NEC Birmingham between 13th and 15th September 2005. The service will be active in time for trading during the final quarter.

The screenshots illustrate the trading process:

- 1:** Login screen with fields for Username and Password.
- 2:** 'Enter Bid' form with fields for Market, Product, Bid Price, Bid Quantity, Bid Expiry, and Bid Type.
- 3:** 'Pending Bids' screen showing a table of bids with columns for Market, Product, Bid Price, Bid Quantity, and Bid Expiry.
- 4:** 'Enter Bid' form with the 'Confirm Bid' button highlighted.
- 5:** 'Enter Bid' form with the 'New Bid' button highlighted.
- 6:** 'Trade Report' screen showing a table of trades with columns for Market, Product, Price, Quantity, and Traded Quantity.



## Market Status – May to July

by Andrew Fendick

Trading in the second quarter of the year has been consistent with trading in quarter one. 90,432 tonnes have been traded in Q2 compared to 90,449 tonnes in Q1. This represents an increase of approximately 9% on Q2 of 2004 when 82,769 tonnes were traded.

At the beginning of the quarter we saw heavy trading in Paper as buyers came into the market en masse to take seller's offers left in the market. By default this activity had the effect of increasing the price of Paper, Wood and General Recycling.

As the quarter progressed trading activity began to slow down as buyers reached the mid way point of the year with sufficient PRNs to meet their requirement for that period. With some of the intensity taken out of the market, prices in all materials apart from Steel and Aluminium began to show signs of softening.

Availability of PRN's in both metals classes continue to be tight. Wider problems in the global Steel market, such as low prices for material have meant that only a fraction of the necessary protocol Steel needed to meet 2005 targets has actually been shipped. Strong recycling figures from DEFRA in both Q1 and Q2 in the Plastic sector has been reflected on t2e with prices falling as initial fears over the long term availability of the material subside.

**Paper** traded in very good volume for the quarter with a low of £11.50 and a high of £15.50. The price peaked at the end of May and has gradually softened with an average of £13.75. Total volume traded in the quarter is 62,605 tonnes which represents a 63% increase on the same period in 2004.

**Plastic** traded in fair volume with a total of 1,784 tons. Prices again peaked in May at £73.00 per tonne and softened throughout the rest of the period to close at £55.00. The average price was £63.91 per tonne.

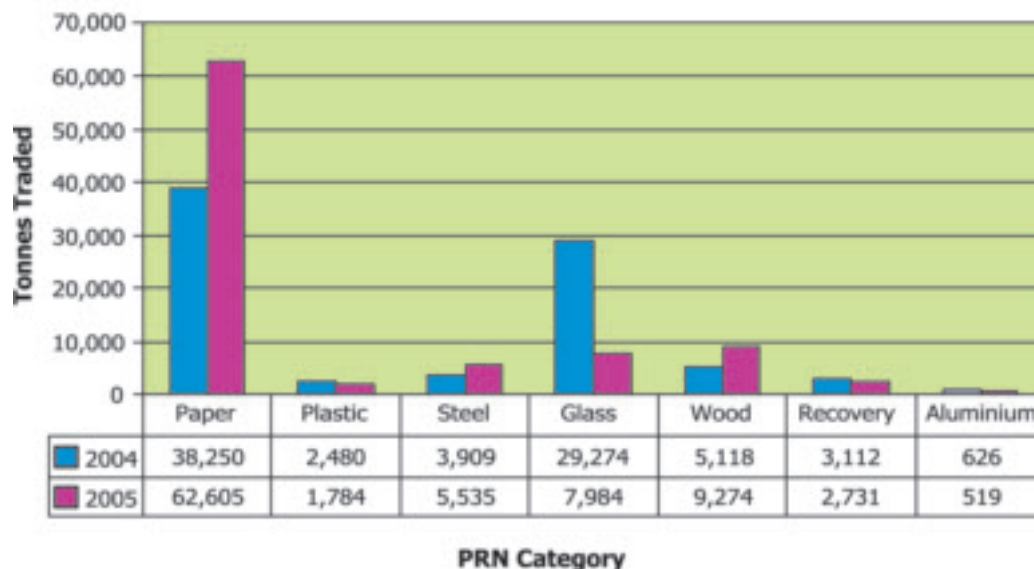
**Steel** traded in good volume despite continued fears over availability. 5,535 tonnes were traded, a 41% increase on the same period in 2004. The average price was £93.15 per tonne with the low this period of £75.00 and the high of £130.00 per tonne.

**Glass** traded 7,984 tonnes with an average price of £18.35, similar to that of Q1. It has been one of the most stable markets so far this year. The high for the period was £19.00 and the low £17.25.

**Wood** has traded in good volume this quarter recording a total volume of 9,274 tonnes, a 45% increase on the same period in 2004. Wood benefited from the activity in the Paper market and increases in price were similar. The high was £14.25 and the low £11.25, with an average of £13.14.

**Recovery** has traded in fair volume with a total of 2,731 tonnes traded. The high for the period was £3.25 and the low £2.00 with an average of £2.31.

Comparison of Q2 Trading between 2004 and 2005



**Aluminium** has been thinly traded all quarter with availability still a big problem. When this material comes into the market it invariably moves very quickly. Total volume for the period was 519 tonnes and the average price £154.78. The high for the period was £200 per tonne, the highest value ever paid on t2e for a PRN yet.

## New Member of the Trading Team



*Thomas Rickerby*

Thomas has recently joined the trading team as an account manager. After graduating from Edinburgh University Thomas worked within the Edinburgh property market, where he developed his skills in building customer relations. Thomas will predominately be working with members from the obligated company sector and will provide support to both Andrew and Ian on trading. Thomas is a keen golfer and enjoys the great outdoors.

## t2e Bulletins Make Over

t2e has implemented a new design for our bulletins, which will be carried across each of our publications.

This launch coincides with a re-vamp of the weekly price bulletin which will now have a two page format and will be sent out as an Adobe Acrobat (.pdf) file. All those recipients who do not currently have Adobe software installed on their computers can download a free version from our website.

Starting at the end of August we will be launching a new monthly price bulletin. This bulletin has in the past been sent out to a restricted list. As a result of positive feedback it will now be rolled out to a wider audience.

8 per tonne	April 2005	Weekly Feb 2005	Monthly Feb 2005	April Feb 2005	July Forecast 2005			
Change	Buy	Sell	Buy	Sell	Buy	Sell	Buy	Sell
Aluminium	215.00	215.00	215.00	215.00	215.00	215.00	215.00	215.00
Steel	43.00	43.00	43.00	43.00	43.00	43.00	43.00	43.00
Plastic								

## The Camino

Congratulations go to Kate Rawson, who completed a charity walk along the pilgrimage to Santiago De Compostella in Spain. Kate trekked for 62 days along a 1,600 kilometre path and to date has managed to raise over £3,000.00 for charity.

Kate wrote:

*"To walk for 62 days along a 1,600 kilometre path which has been devotedly trodden, day in day out by millions since the 9th century is not only a privilege, but both a rare and remarkable (like the people and situations one encounters en route) experience."*

If anyone would like to join t2e in contributing towards Kate's charities, which are Hope and Home for children, Cruse Bereavement Care, and Challenge Cancer Through Adventure, please contact us at [enquiries@t2e.co.uk](mailto:enquiries@t2e.co.uk).

All are invited to the next meeting of the PRN Stakeholders where the Office of Fair Trading (OFT) will talk on competition issues, at the Arden Hotel, Birmingham on Wednesday 14 September 2005. This date co-incides with RWM show at the NEC Birmingham. Please could you let Anna know on 0131 220 4870 or e-mail [anna.lamin@t2e.co.uk](mailto:anna.lamin@t2e.co.uk), if you wish to attend.



## Managing Director's Quarterly Report



To my astonishment, Malcolm Valentine and I formed part of the winning table in the general knowledge quiz at IEMA in June. Possibly fortunately, I have failed to track down a photograph of the event but I can report that the prize of a magnum of Moët was appreciated!

It has been an interesting quarter with trading exceeding last year's levels but availability and prices of materials vary considerably. Prices in the metals have soared while plastic PRN prices have flattened. In paper and wood prices are steady as the impact of the closure of BPB and the lack of availability of wood PRNs leads to uncertainty about achieving the general recycling target. Doubts exist about whether future material specific targets for glass will be achieved but current availability continues.

DEFRA and the Agencies are to be congratulated on their swift dissemination of Q2 figures. Overall the market seems to have anticipated them accurately. The obligation is slightly greater than expected but reprocessing and exporting has equally increased. As aluminium supply moves closer in line with demand only steel seems uncertain of meeting its material specific requirements. Whether this is reflected in price depends on the availability of aluminium PRNs to the open market.

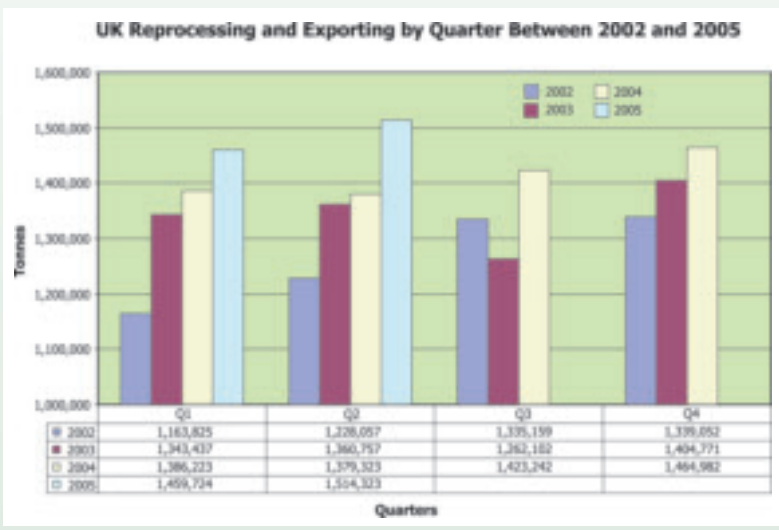
Elsewhere concerns have been raised about the Agencies's apparent unwillingness to utilise more effective, electronic, tools for regulation. The retort suggests the Agencies are underfunded. While this may be true for the Agencies as a whole, it does not apply in the field of packaging. Some have suggested that one of the reasons the Agencies are underfunded is they are doing a lot of tasks for which they have no remit. It is rumoured that some within the Agencies may be treating packaging as a 'cash cow' to finance activities in these other areas.

From an industry perspective this is far from satisfactory. They wish effective, efficient, impartial and consistent regulation not to finance an aspirational conglomerate. With the prospect of the Agencies taking on a similar role for WEEE as packaging it looks increasingly possible that key market information may get subsumed within a blizzard of undigested environmental information. Given the powers of the Agencies which allow them to become judge, jury and executioner the concerns are justified.

The successful prosecution of SS Thermoplastics is a step towards deterring fraud but the discovery that the same Director can become re-accredited within the system after being found guilty of theft is astonishing.

The independent auditing group has now submitted its suggestions to the Agencies and we are anticipating their guidance shortly on this topic.

We are also awaiting guidance from both DEFRA and the Agencies on how carry-forward will be handled between 2005 and 2006. While everyone is anticipating the system to remain as it has in previous years the Regulations state something different. While a change in the Regulations is expected it is unclear whether this will be back dated and if so to when. I am constant in my belief that carry forward is an important pressure release valve between years as well as an administrative convenience and must be retained. In view of the problems of availability at the end of last year I can see arguments to justify carry back in January as well as carry forward in December.



All readers are invited to the next meeting of the PRN Stakeholders at the Arden Hotel, Birmingham on Wednesday 14 September 2005, when the Office of Fair Trading (OFT) will talk on competition issues. This date co-incides with the RWM show at the NEC Birmingham. Please could you let Anna know if you wish to attend.

Once again thank you for your continued support.

*Angus Macpherson*  
**Angus Macpherson**  
Managing Director



## Meeting the Producer Responsibility Challenge

by Dr Campbell Gemmel

Chief Executive, Scottish Environment Protection Agency (SEPA)

Government, regulators and industry face significant challenges with producer responsibility legislation ..... and there's more on the way! Regulations are in place to deal with packaging waste, new regulations have recently been introduced covering end of life vehicles and more will shortly be introduced for waste electrical and electronic equipment.

Producer responsibility legislation aims to reduce the environmental impact associated with certain products, largely by setting mandatory recycling targets. Waste products can now quite literally return to "meet their maker" at the end of their life!

This new approach to environmental protection has brought both challenges and opportunities. As the enforcement authority for producer responsibility legislation SEPA has welcomed the potential benefits of an approach which shares environmental responsibility amongst a wide range of businesses. In particular, regulating those who place products on the market means that manufacturers and retailers have a greater incentive to consider the environmental impact of their products at the time of manufacture and to design products that are easier to recycle.

We are confident that, within the existing regime for packaging, producer responsibility is capable of delivering the main environmental objectives in a cost effective manner. That said, the success of producer responsibility is dependent on the compliance systems operating as intended. In this respect there have been a number of difficulties faced in the UK. For example, the market based system means that compliance costs to industry are subject to considerable variation, largely as a result of fluctuations in supply and demand of Packaging waste Recovery Notes (PRNs).

Since the introduction of producer responsibility for packaging, the UK has mostly achieved its European targets but there have been instances where it has failed. This highlights the need for long term planning to be undertaken by government, regulators and industry – a matter which is being further considered by government at this time.

The market based compliance system has also been affected by some circulation of invalid PRNs. Recent amendments to the Regulations have tightened up the system and have introduced new offences relating to the issuing of such PRNs. Although SEPA is responsible for monitoring and enforcement in Scotland, we expect industry to contribute to this and to inform us, in confidence, if they suspect that invalid PRNs are being circulated. Those businesses in receipt of invalid PRNs should bear in mind that SEPA is unlikely to accept them as evidence of compliance even if they have been bought in good faith.

It is hoped that experience gained from the Packaging Waste Regulations will be used to influence the implementation and enforcement of future producer responsibility regulations. There are obvious costs to industry. However, the shift towards recycling waste products instead of disposing of them brings opportunities and savings in other areas.

In the longer term, further consideration may need to be given to the greater role that consumers could play in helping the UK meet its environmental objectives. Given that the demand and distribution of products is for the benefit of society, it is right that society shares the costs associated with discarding its products. Producer responsibility legislation should increasingly require this as accepted practice in the UK.

### t2e – at RWM 2005

We are looking forward to meeting our participants and demonstrating our new interactive website on Stand 180 at the RWM show in the NEC Birmingham between 13th and 15th September 2005.

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